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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

6754

September 4, 2015

CERTIFIED RETURN RECEIPT

7014 0150 0000 1194 3224

Robert Steele
Triumph Mining Corp.
1055 North 400 East
Nephi, UT 84648

Subject: Proposed Assessment for State Cessation Order No. MN-2015-42-02, Triumph Mining Corp., Gardner Canyon Mine, S/023/0015, Juab County, Utah

Response Due By: **30 Days of Receipt**

Dear Mr. Steele:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the assessment officer for assessing penalties under R647-7.

Enclosed is the proposed civil penalty assessment for the above referenced notice of violation. The notice of violation was issued by Division inspector, Wayne Western, on July 30, 2015. Rule R647-7-103 et. seq. has been utilized to determine the proposed penalty of \$3,080.00. The enclosed worksheet outlines how the civil penalty was assessed.

By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this notice of violation has been considered in determining the facts surrounding the violation and the amount of this penalty.

Under R647-7-106, there are two informal appeal options available to you. You may appeal the 'fact of the violation', the proposed civil penalty, or both. If you wish to informally appeal you should file a written request for an informal conference within thirty 30 days of receipt of this letter.

The informal conference will be conducted by a Division-appointed conference officer. The informal conference for the fact of the violation is distinct from the informal assessment conference regarding the proposed penalty. If you wish to review both the fact of the violation and proposed penalty assessment, you should file a written request for an assessment conference.

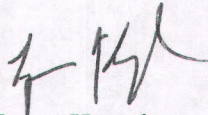


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within thirty (30) days of receipt of this letter. In this case, the assessment conference will be scheduled immediately following the review of the fact of the violation.

If a timely request for review is not made, the fact of the violation will stand, the proposed penalty will become final, and will be due and payable within thirty (30) days of the date of this proposed assessment (by October 1, 2015). Please remit payment to the Division, mail c/o Sheri Sasaki.

Sincerely,



Lynn Kunzler
Assessment Officer

LK: eb

Enclosure: Proposed assessment worksheet

cc: Sheri Sasaki, Accounting

Vickie Southwick, Exec. Sec.

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WORKSHEET FOR ASSESSMENT OF PENALTIES
DIVISION OF OIL, GAS & MINING
Minerals Regulatory Program

NOV / CO #: MN-2015-42-02 PERMIT: S/023/0015
COMPANY / MINE Triumph Mining Corp. / Gardner Canyon Mine
ASSESSMENT DATE August 31, 2015
ASSESSMENT OFFICER Lynn Kunzler

I. HISTORY (Max. 25 pts.) (R647-7-103.2.11)

- A. Are there previous violations, which are not pending or vacated, which fall three (3) years of today's date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS (1pt for NOV 5pts for CO)
<u>None</u>	<u></u>	<u>0</u>
		TOTAL HISTORY POINTS <u>0</u>

II. SERIOUSNESS (Max 45pts) (R647-7-103.2.12)

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector=s and operator=s statements as guiding documents.

Is this an EVENT (A) or Administrative (B) violation? Event (A)
(assign points according to A or B)

A. EVENT VIOLATIONS (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?
Activity outside approved permit area, Damage to property,
Environmental harm, Water pollution, Loss of reclamation /revegetation
potential .

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>POINT RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

ASSIGN PROBABILITY OF OCCURRENCE POINTS 20

PROVIDE AN EXPLANATION OF POINTS:

Activity has occurred outside the permit area, topsoil was not salvaged, material has entered the Gardner Canyon Drainage, These events are considered to have occurred, therefore 20 points are assigned.

3. What is the extent of actual or potential damage: Inspector indicated there had been activity outside the approved permit area, 3 drill holes were unplugged, topsoil had not been salvaged and stockpiled, Material had been pushed to the east (off permit area affecting 2.6 acres), Material pushed downslope had entered the Gardner Canyon drainage, a load-out area and roads were constructed outside the permitted area.

ASSIGN DAMAGE POINTS(RANGE 0-25) 20

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

PROVIDE AN EXPLANATION OF POINTS: Given the magnitude of disturbances and the several areas that they had occurred outside the permitted area, Damage is considered to be significant. Points are therefore assigned at 4/5 of the range vs. midpoint of the range.

B. ADMINISTRATIVE VIOLATIONS (Max 25pts)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? NA
Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS NA

PROVIDE AN EXPLANATION OF POINTS:

TOTAL SERIOUSNESS POINTS (A or B) 40

III. DEGREE OF FAULT (Max 30 pts.) (R647-7-103.2.13)

A. IF SO--NO NEGLIGENCE; or, , IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.		Point Range
No Negligence (Was this an inadvertent violation which was unavoidable by the exercise of reasonable care?)		0
Negligence (was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care?)		1-15
Greater Degree of Fault (was this a failure to abate any violation or was economic gain realized by the permittee?)		16-30

STATE DEGREE OF NEGLIGENCE Negligent

ASSIGN NEGLIGENCE POINTS 8

PROVIDE AN EXPLANATION OF POINTS: The operator expressed that he had not done the mining activity, rather it was another company he had allowed to operate on his permit. This does not relieve the operator from responsibility, and in fact, the operator has been informed in the past that he maintains the permit in his name, he is still responsible for activities of those he allows to operate under his permit. Points are therefore assigned at the mid-point of the range.

IV. GOOD FAITH (Max 20 pts.) (R467-7-103.2.14)

(Either A or B) (Does not apply to violations requiring no abatement measures, or violations not abated at the time of assessment)

Has Violation Been Abated? No. Good faith point have not been considered at this time. However, the abatement date for this violation has not passed, so there would be opportunity to earn good faith points at a future date. If so, this proposed assessment will be re-evaluated to award good faith.

- A. **EASY ABATEMENT** (The operator had onsite, the resources necessary to achieve compliance of the violated standard within the permit area.)

	<u>Point Range</u>
Immediate Compliance (Immediately following the issuance of the NOV)	-11 to -20
Rapid Compliance (Permittee used diligence to abate the violation. Violation abated in less time than allotted.)	-1 to -10
Normal Compliance (Operator complied within the abatement period required, or, Operator requested an extension to abatement time)	0

- B. **DIFFICULT ABATEMENT** (The operator did not have the resources at hand to achieve compliance, or the submission of plans was required prior to physical activity to achieve compliance.)

	<u>Point Range</u>
Rapid Compliance (Permittee used diligence to abate the violation. Violation abated in less time than allotted.)	-11 to -20
Normal Compliance (Operator complied within the abatement period)	-1 to -10
Extended Compliance (Operator complied within the abatement period required, or, Operator requested an extension to abatement time) (Permittee took minimal actions for abatement to stay within the limits of the violation, or the plan submitted for abatement was incomplete.)	0

EASY OR DIFFICULT ABATEMENT? _____

ASSIGN GOOD FAITH POINTS NA

PROVIDE AN EXPLANATION OF POINTS: _____

V. ASSESSMENT SUMMARY (R647-7-103.3)

I.	TOTAL HISTORY POINTS	<u>0</u>
II.	TOTAL SERIOUSNESS POINTS	<u>40</u>
III.	TOTAL NEGLIGENCE POINTS	<u>8</u>
IV.	TOTAL GOOD FAITH POINTS	<u>0</u>
	TOTAL ASSESSED POINTS	<u>48</u>
	TOTAL ASSESSED FINE	<u>\$3,080.00</u>